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**Subject:** Keystone debate cools as Senate moves to tax bill

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Energy and environment headlines for the morning of Wednesday, May 14, 2014

## Keystone debate cools as Senate moves to tax bill

**By Edward Felker**

The Senate ended up tied in a partisan knot over a voluntary energy efficiency incentives bill, but the push by Republicans and some Democrats to vote on the Keystone XL pipeline that sidelined that bill isn't extending yet to an \$85.3 billion measure to renew expired renewable energy and other tax breaks for two years.

The debate is more likely to feature arguments over the inclusion of the renewable energy production tax credit that primarily helps wind development, which has been in the sights of free market groups who say it distorts electricity markets, a claim disputed by the wind industry. The two-year renewal would be worth \$13.3 billion.

Yet even that credit appears safe for now, and there's little talk of trying to force a Keystone vote on the floor.

Sen. Jeff Flake, R-Ariz., argued on the Senate floor Monday against renewing the renewable energy tax credit, but on Tuesday he downplayed chances he will get a vote on his amendment to kill it outright.

"I'm not hopeful," Flake said. "It ought to happen, but I'm not hopeful."

The Senate on Tuesday voted 96-3 to start debate on the bill, leaving for later potential amendments and the question of whether the package will be offset elsewhere in the federal budget or added to the deficit.

Flake and Sens. Tom Coburn, R-Okla., and Mike Lee, R-Utah, were the only dissenters.

The extenders package passed the Senate Finance Committee early last month on a voice vote, after members voted down an amendment by Sen. Pat Toomey, R-Pa., to remove the production tax credit and incentives for biofuels, fuel cell vehicles, alternative fuel stations, electric motorcycles and appliance efficiency. Those breaks are worth more than \$17 billion over 10 years.

The production tax credit has a number of Democratic backers, but also is popular among some Republicans, notably Sen. Chuck Grassley of Iowa, who first authored the provision in 1992.

The Toomey amendment, killed on a 6-18 vote, was opposed by Grassley and four other Republicans on the committee, including Sen. John Thune, R-S.D., a member of the Republican leadership.

"There is a constituency for tax extenders, a lot of Republicans that are supportive of extending existing tax policy," Thune said Tuesday.

He cautioned that the bill's prospects still depend on how Majority Leader Harry Reid, D-Nev. proceeds with the bill, and whether he will allow amendments.

Sen. Lisa Murkowski, R-Alaska, scoffed at the chances that a Keystone vote could be part of the tax extenders debate. She noted that the Senate failed the previous evening to advance the bipartisan efficiency bill that would have been followed by a vote on the pipeline, after Republicans clashed with Reid for blocking energy-related amendments to the bill.

"What makes me think on this Tuesday morning that we're going to be able to get it on a tax extenders bill?" she said. "I mean, the process around here just really isn't working."

McConnell was not willing to say Tuesday whether he would rally Republicans to stop the tax extenders bill if Reid blocks amendment votes.

"My hope is to have amendments, and in particular, the medical device tax repeal, since as others have indicated, so many senators have said that they were in favor of repealing it on a sense of the Senate resolution, why not have that vote when it really counts?" he told reporters.

Thune said, however, that he expects such an amendment to be blocked, since it was not allowed a vote when the finance committee passed the extenders package.

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## Quick Links

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## **205 dead, many trapped in Turkish coal mine**

**By Desmond Butler and Suzan Fraser**

SOMA, Turkey (AP) — Rescuers desperately raced against time to reach more than 200 miners trapped underground Wednesday after an explosion and fire at a coal

mine in western Turkey killed at least 205 workers, authorities said, in one of the worst mining disasters in Turkish history.

Energy Minister Taner Yildiz said 787 people were inside the coal mine in Soma, some 250 kilometers (155 miles) south of Istanbul, at the time of the explosion and 363 of them had been rescued so far.

"Regarding the rescue operation, I can say that our hopes are diminishing," Yildiz said.

As bodies were brought out on stretchers, rescue workers pulled blankets back from the faces of the dead to give jostling crowds of anxious family members a chance to identify victims. One elderly man wearing a prayer cap wailed after he recognized one of the dead, and police restrained him from climbing into an ambulance with the body.

President Recep Tayyip Erdogan declared three days of national mourning, ordering flags to be lowered to half-staff. Erdogan postponed a one-day visit to Albania and planned to visit Soma instead.

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## **West Virginia mine was doing risky retreat mining**

**By The Associated Press**

WHARTON, W.Va. (AP) — The two workers killed in an underground coal mine were performing a risky method known as retreat mining, where the roof is intentionally collapsed to retrieve more coal.

Retreat mining has been going on for generations and is considered standard practice in mines where coal reserves are running out. It involves yanking supporting pillars of coal from inside the mine and letting the roof collapse as miners and equipment work their way out.

The son of one of the workers who died Monday night at Brody Mine No. 1 said his father understood the risks.

"That's one of those things you always think about when you work in the mines," said Caleb Hensley, whose father, 46-year-old Gary Henlsey, was killed.

Hensley's co-worker, Eric D. Legg, 48, also died. Friends said they both liked to hunt and fish. "It's a very dangerous profession," said Legg's friend Barry Brown, who has been a miner for 37 years. "You don't know when something like this is going to happen. It floored me."

Federal officials said the mine had so many safety problems it was deemed a "pattern violator," a rare designation reserved for the industry's worst offenders.

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## Oil gains on reports US may lift crude export ban

**By The Associated Press**

The price of U.S. oil rose Wednesday following reports that Washington is studying whether to lift a longstanding ban on crude oil exports.

Benchmark U.S. crude for June delivery was up 33 cents to \$102.03 a barrel at 0550 GMT on the New York Mercantile Exchange. On Tuesday, it jumped \$1.11 to \$101.70 a barrel, its highest close since April 24. Brent crude was up 12 cents to \$108.75 a barrel on the ICE exchange in London.

Department of Energy Secretary Ernest Moniz told reporters in Seoul, South Korea that the government was reviewing the issue of crude oil exports, given the mismatch between rising supplies of crude and the U.S. refining capacity, The Wall Street Journal reported.

On Wednesday, the Energy Department is expected to report that U.S. crude oil supplies fell last week by 1.5 million barrels, according to a survey of analysts by Platts. It would be the second weekly decline since the nation's supply of oil reached a record 399.4 million barrels as of April 25.

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## Tea party favorite wins Nebraska's GOP Senate primary

**By The Associated Press**

WASHINGTON (AP) — The tea party scored a win in Nebraska on Tuesday as university president Ben Sasse captured the Republican nomination for U.S. Senate in a bitter race that highlighted fissures within the GOP. Two women set the stage for history-making in West Virginia.

Sasse, who had the backing of outside conservative groups, Sarah Palin and Sen. Ted Cruz, grabbed 48 percent of the vote in a five-man primary. Sid Dinsdale, the president of Pinnacle Bank, surged to second, while former State Treasurer Shane Osborn finished third.

"We were never doing this because we need another job," Sasse told supporters Tuesday night. "We were only going to do this if we were going to talk about big, bold, conservative ideas."

Outside groups pumped millions into the race for Sasse while allies of Senate Minority Leader Mitch McConnell, R-Ky., tried to propel Osborn to the nomination.

With little to celebrate to date, conservative groups immediately trumpeted Sasse's victory.

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## Ohio House plans vote on tax hike for gas drillers

**By The Associated Press**

COLUMBUS, Ohio (AP) — The Ohio House is preparing to vote on legislation raising Ohio's tax on oil and gas drilling.

The measure cleared a committee Tuesday by a single vote despite objections from Democrats and anti-tax Republicans. The full House is expected to vote Wednesday.

The bill imposes a 2.5-percent severance tax on horizontal wells, including those extracting resources through hydraulic fracturing, or fracking. That tax is less than the 4 percent Republican Gov. John Kasich wanted but more than the industry would've liked.

Proceeds of the tax would be divvied up between regulation, abandoned well cleanup, geological mapping, county payouts and grants and, finally, the state income tax reduction fund.

The 15 percent of tax proceeds that go to local communities has divided lawmakers. After state local-government and library funds are restored, 25 percent of the remaining allotment goes to county budgets. That's down from 50 percent proposed earlier.

Opponents say that's not enough to fund needed infrastructure improvements.

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# Florida Governor, Cabinet vote for nuclear plant

**By The Associated Press**

TALLAHASSEE, Fla. (AP) — Florida's largest power company received the go-ahead from state officials Tuesday to construct two nuclear reactors in South Florida, a project vehemently opposed by officials in several cities in Miami-Dade County.

Gov. Rick Scott and the three members of the Florida Cabinet voted Tuesday in favor of a plan that would allow Florida Power & Light to add nuclear generators to its existing Turkey Point facility near Homestead. The project would add approximately 2,200 megawatts of power, enough for about 750,000 homes.

The vote also gives the utility permission to erect nearly 90 miles of new power lines to carry electricity from the plant, including lines that will skirt the Everglades National Park.

The project is far from a done deal. A decision by federal regulators who must still evaluate the \$12 billion to \$18 billion project is years away, and it would probably be at least 10 years before the plant started operating.

But the approval from Scott, Attorney General Pam Bondi, Chief Financial Officer Jeff Atwater and Agriculture Commissioner Adam Putnam still marks a milestone since other recent efforts to expand nuclear power in the state have been abandoned due to cost concerns and regulatory hurdles.

Florida Power & Light officials say adding additional nuclear units to their existing plant will benefit consumers while avoiding the emission of greenhouse gases.

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## Federal board hears arguments on temporary Powertech stay in SD

**By The Associated Press**

SIOUX FALLS, S.D. (AP) — A company proposing a uranium mine near Edgemont needs better studies to ensure that its operations won't hurt cultural and historic sites in the Black Hills, an attorney representing the Oglala Sioux Tribe said Tuesday.

Three administrative judges of the federal Atomic Safety and Licensing Board listened to telephone arguments on its April decision to put a temporary hold on the U.S. Nuclear Regulatory Commission operating license for Powertech Uranium Corp.

Chairman William Froehlich said the board, which is part of the NRC, will issue a decision within a few days.

One of the tribe's attorneys, Jeff Parsons of the Western Mining Action Project, said the tribe needs to make sure sites of significance aren't harmed, and a hold would "protect those cultural resources from any further impact."

Christopher Pugsley, an attorney for Powertech, said it's typical for companies planning in-situ recovery facilities to drill sampling wells to gather data on ground water even before submitting license applications. He said those activities can be done without an NRC permit.

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## **US Ambassador Kennedy visits Fukushima plant**

**By The Associated Press**

TOKYO (AP) — U.S. Ambassador Caroline Kennedy has gotten a firsthand look inside the Japanese nuclear plant devastated by the 2011 earthquake and tsunami.

Kennedy toured the Fukushima Dai-ichi plant for about three hours Wednesday.

She wore a yellow helmet and a white protective suit with her last name emblazoned on it as she was shown around the plant.

The plant was damaged beyond repair by the March 11, 2011, disaster. Decommissioning the reactors is expected to take decades.

After touring the plant, Kennedy told reporters that it's hard to visualize and understand the complexity of the challenge just from reading about it. She expressed gratitude to those who continue to work at the plant.

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## **Massachusetts wants more solar energy projects**

**By The Associated Press**

BOSTON (AP) — The Patrick administration is hoping to encourage the growth of solar energy projects on landfills, "brownfield" sites, and residential rooftops in Massachusetts.

The initiative is part of a larger program designed to reach 1,600 megawatts of installed solar capacity in the state by 2020.

The program also aims to ensure steady annual growth and control ratepayer costs. The administration said it's accepting applications for the program's second phase.

The first phase of the program encouraged the development of solar energy projects by businesses, homes and institutions.



That helped the state boost the amount of solar energy produced in Massachusetts from 3 megawatts, when Democrat Deval Patrick took office as governor, to 496 megawatts now.

Currently, 349 of the state's 351 cities and towns have at least one solar installation, according to the administration.

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### **White House focuses on climate, while Senate hits Keystone snag**

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## **All-female W.Va. Senate race key political battleground**

Primary wins have set up a November Senate contest in West Virginia between two women: Republican Rep. Shelley Moore Capito and Democratic Secretary of State Natalie Tennant, The Washington Post reports.

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## **Climate change is rallying cry against coal exports**

Citing climate change fears, Oakland turned its back on a proposed Bowie Resource Partners project despite the economic benefits the coal export operation would have brought to the community, part of a trend across the Pacific Northwest, Bloomberg reports.

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## **Military researchers find climate change a security threat**

Climate change can trigger conflict around the world and poses a security risk, researchers at the Center for Naval Analyses Military Advisory Board said in a report published Tuesday, according to The New York Times.

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## **Debate still raging over wind farms and bird deaths**

The American Bird Conservancy's notification that it intends to take legal action against the Interior Department for its move to issue 30-year wind farm permits has triggered a new round of debate and discussion over the issue of bird deaths, Gannett's Argus Leader reports.

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## **Illinois watchdog issues warning about energy deals**

The Illinois Citizens Utility Board says deals urging customers to switch electricity suppliers may promise low rates but deliver extra fees, although two companies cited in the panel's report blamed price spikes on severe winter weather, the Chicago Sun-Times reports.

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## **Nuclear waste fee collection to stop Friday: DOE**

The Department of Energy has changed the day it will stop collecting nuclear waste fees, from Thursday to Friday, May 16, Platts reports.

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## **Businesses burn in Vietnam as oil rig anger explodes**

Chinese and Taiwanese-owned businesses in Vietnam were burned Tuesday night as anger mounts over China setting up an oil rig in disputed waters in the South China Sea, The Wall Street Journal reports.

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## **Louisiana wrestles with projecting power needs**

Louisiana is trying to figure out how to determine the state's power needs in the future, juggling industrial growth projections, the closing of coal-fired plants and the changing nature of the electricity landscape, E&E reports.

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## **EPA cites Hawaiian geothermal plant**

A report released in April by the Environmental Protection Agency cited Puna Geothermal Venture for 14 violations, including failing to perform timely maintenance and testing on its wells, the Hawaii Tribune-Herald reports, adding that the company wouldn't comment publicly until it filed its response with the agency.

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## **Drug smugglers taking advantage of energy boom in Texas**

The increased infrastructure and traffic brought to south Texas by the energy boom has offered opportunity to drug cartels and smugglers and a challenge to law enforcement, National Journal reports.

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## Upcoming Events

- May. 14, Washington: Sen. Heidi Heitkamp and other Democratic senators hold press conference to call on the EPA to raise biodiesel usage targets under the Renewable Fuel Standard. 1:00 pm , Russell 428A.
- May. 14, Batesville, Ark.: House Natural Resources Committee hearing, "Protecting the Rights of Property Owners: Proposed Federal Critical Habitat Designations Gone Wild." Expert witnesses. 11:00 am , University of Arkansas Community College.
- May. 14, Washington: Senate Homeland Security and Governmental Affairs Committee hearing, "Charting a Path Forward for the Chemical Facilities Anti-Terrorism Standards Program." Homeland Security Department, Government Accountability Office officials to testify. 10:00 am , Dirksen 342.
- May. 14, Washington: Senate Environment and Public Works Committee hearing, "Nuclear Reactor Decommissioning: Stakeholder Views." NRC official Michael F. Weber to testify. 10:00 am , Dirksen 406.

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